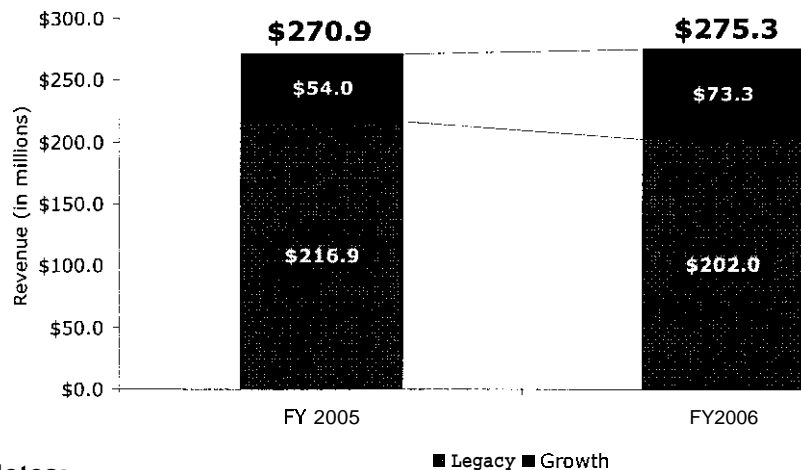
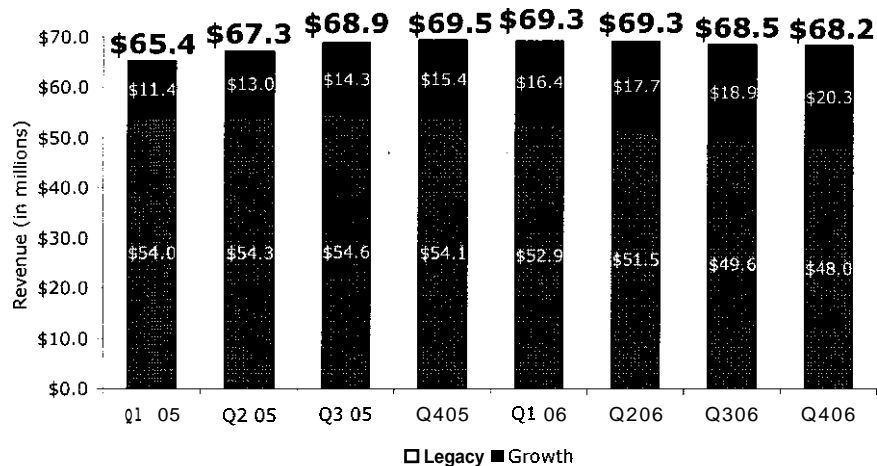


Wholesale Subscription Revenue

Wholesale Subscription Revenue



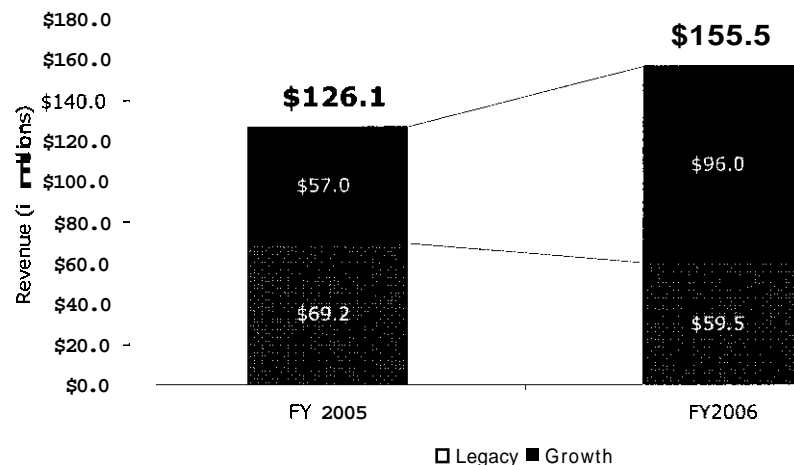
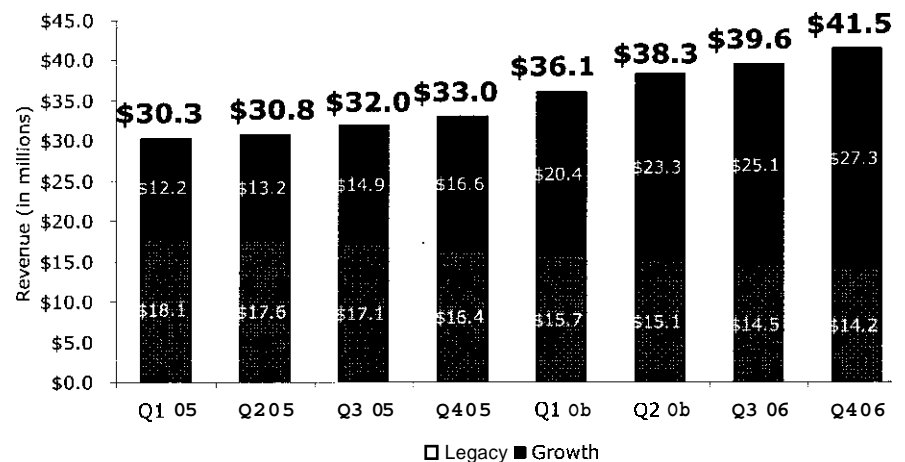
Notes:

- * Slight differences in some product revenue stream totals due to rounding

- 2006 Subscription Revenue: \$275M
- Q4 06 Subscription Revenue: \$68M, -2% from Q4 05
 - Business: \$49M
 - Growth Products: \$20M, +32%
 - Wholesale T1: \$14M, +33%
- Signed United Online, a new residential distribution partner
- Completed the next-generation network
 - -8,000 LPVA net adds in Q4
 - New services will likely fuel wholesale growth in 2007
- Significant profit generator for Covad

Direct Subscription Revenue

Direct Subscription Revenue



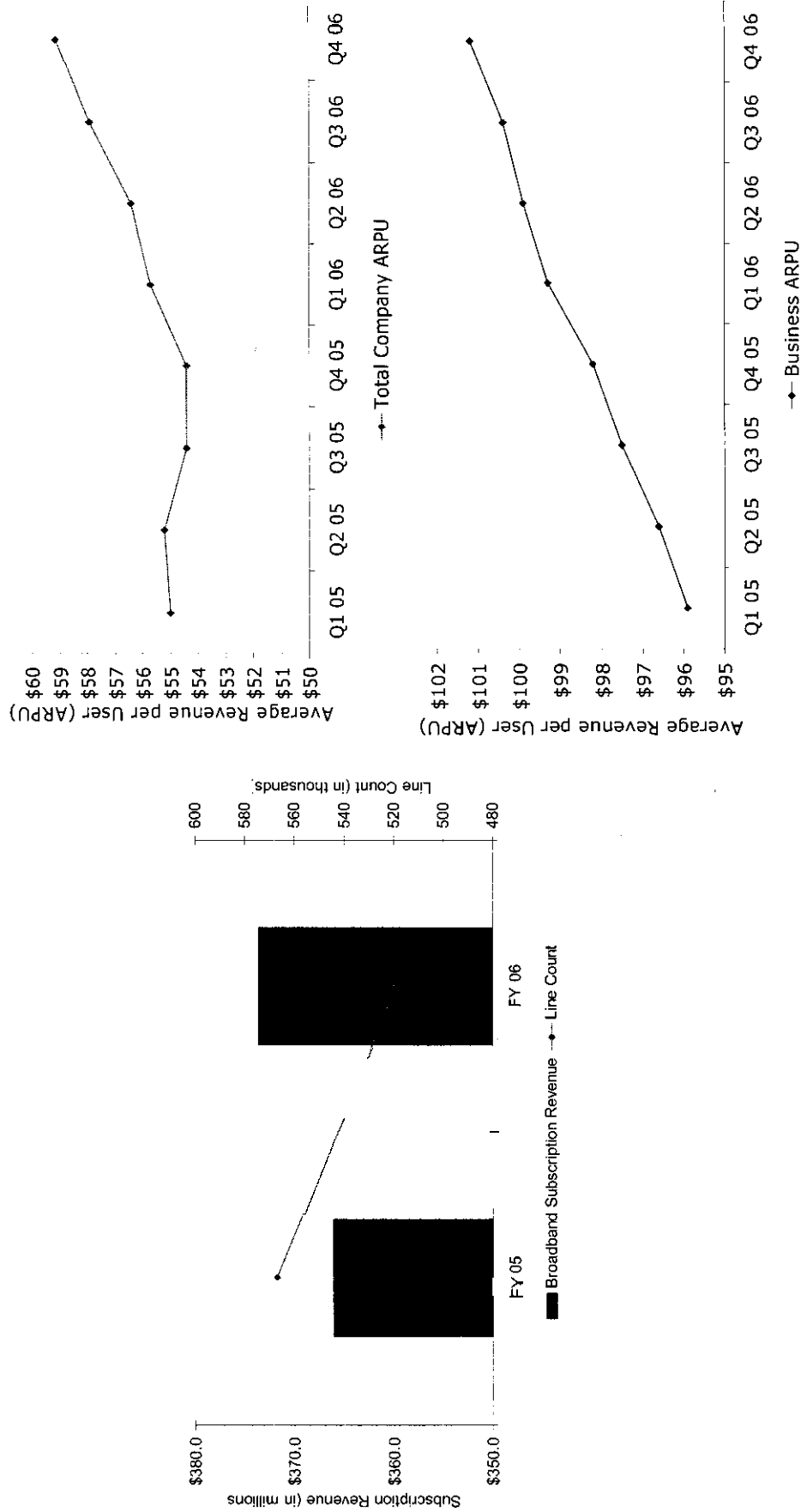
Notes:

- * Slight differences in some product revenue stream totals due to rounding

- 2006 Subscription Revenue: \$156M
- 44 06 Subscription Revenue: \$41.5M, +26% from 44 05
 - Growth Products: \$27M, +64%
 - Direct T1: \$10M, +50%
 - VoIP: \$8.5M, +79%
 - Wireless: \$3.4M
- \$130 Broadband ARPU, up from \$119 in 44 05
- Expanded wireless to Chicago via Dataflo acquisition
- ClearEdge Integrated Access & Office now 30-40% of all new VoIP sales

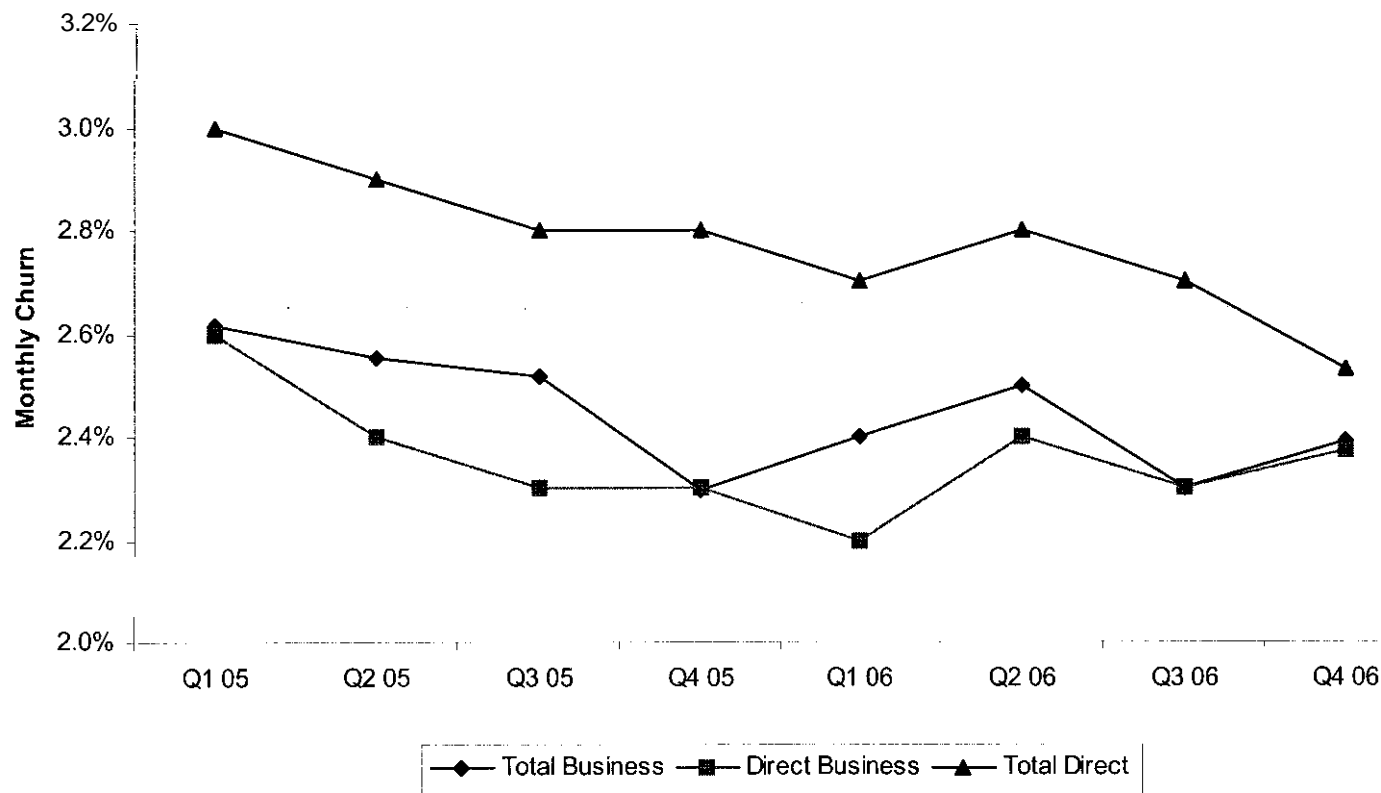
Average Revenue Per User (Broadband ARPUs)

Higher ARPU/margin business customers are fueling revenue growth, despite a decrease in line count associated with Consumer ADSL lines



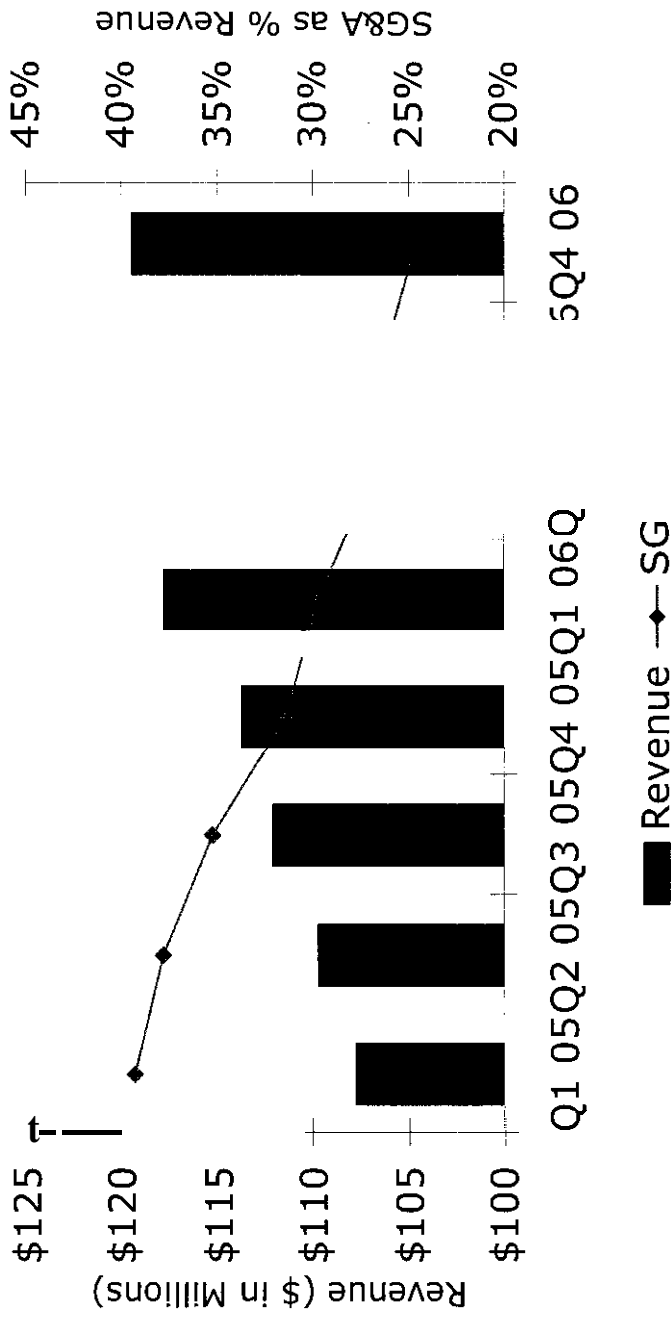
Business & Direct Broadband Churn

Churn rates with business customers and in our overall Direct business have decreased over the last 8 quarters due to increased penetration of T1 and higher bandwidth products



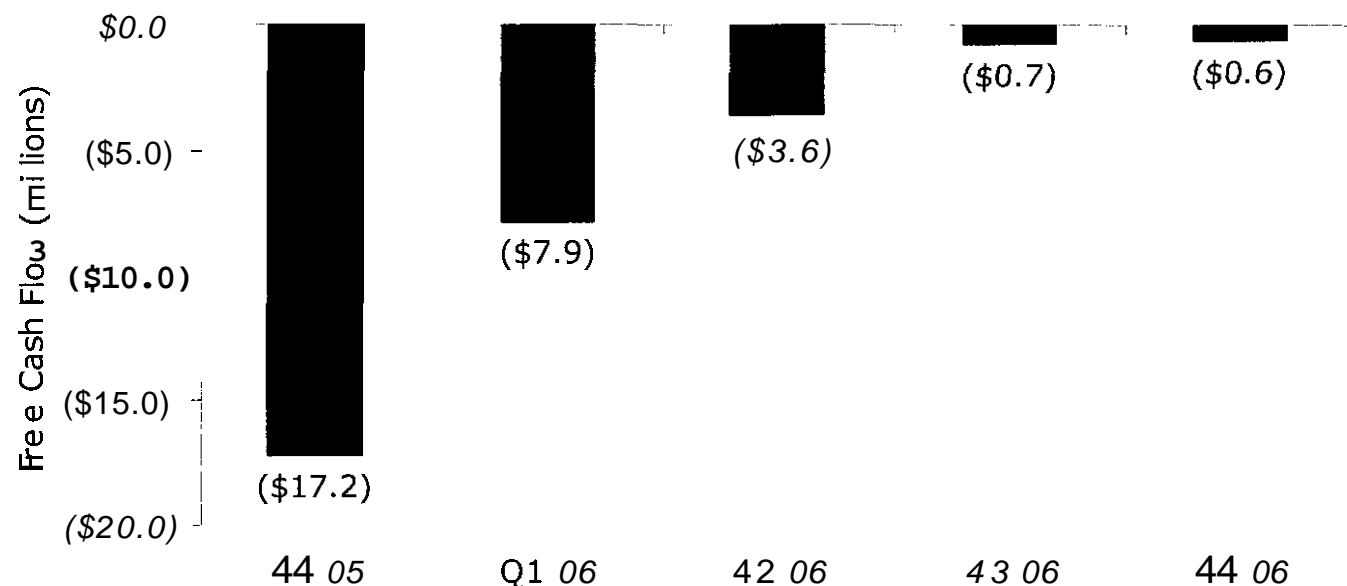
Operational Efficiency

Investments in back-office automation and operational scaling have enabled Covad to reduce SG&A expense while growing revenue



Adjusted Free Cash Flow

Covad's revenue growth and cost management efforts have translated to much improved adjusted free cash flow performance over the *last* four quarters



Notes:

- * Covad defines Free Cash Flow as Cash Flow from Operations less Capital Expenditures
- * Q2 06 Adjusted Free Cash Flow excludes a \$33.5M payment to redeem an AT&T pre-paid liability
- * Q2-Q4 06 Adjusted Free Cash Flow excludes EarthLink LPVA CapEx associated with the build-out of Covad's Next-generation network, funded from \$50M investment proceeds
- * Adjusted Free Cash Flow is a non-GAAP financial measure. For a reconciliation of Adjusted Free Cash Flow and Free Cash Flow to Cash Flow from Operations, a GAAP financial measure, please see the appendix

Capitalization Structure and 2006 CapEx

Capitalization Structure

(\$ in 000's)	<u>As of</u> <u>12/31/06</u>
Total Cash	\$81,650
Restricted Cash¹	\$19,578
Debt²	\$167,240
Stockholders equity	\$2,354
Weighted Average Shares Outstanding—diluted	295,683

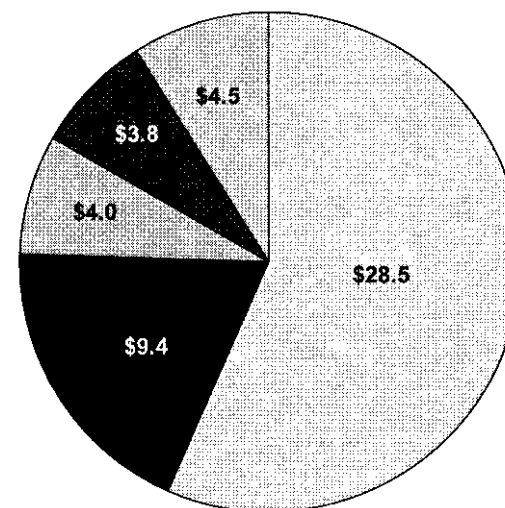
1 Restricted Cash Balance consists primarily of unused ELNK LPVA project expenditures

2 Supplemental information on Covad debt:

- DVW convertible note: \$125M, 3% cash interest, \$3.17 convertible price, due in 2009
- ELNK convertible note: \$40M, 12% PIK, \$1.86 Convertible price, due in 2011
- \$50m Silicon Valley Bank credit facility, which retains significant borrowing capacity
- Details of the calculation for fully diluted vs. basic shares outstanding are included in the Company's 10-Q

2006 CapEx in millions).

\$50M



□ Partner Funded ■ Regular Growth ▨ VoIP □ Other ▩ Wireless

* EarthLink provided \$50M investment for the build-out of LPVA in 758 Central offices. EarthLink-funded CapEx was \$28.5M in 2006, expenditures that are applied against the restricted cash balance

COVAD

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Appendix

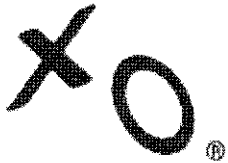
Free Cash Flow Reconciliation

	<u>44 05</u>	<u>Q1 06</u>	<u>Q2 06</u>	<u>Q3 06</u>	<u>44 06</u>
Net Cash Provided (used in) by Operating Activities	(\$6,843)	(\$4,134)	(\$33,933)	\$5,389	\$8,024
Add (deduct):					
Capital Expenditures	(\$10,396)		(\$1	(\$18,418)	,778)
Free Cash Flow	(\$17,239)	\$	(\$5	(\$13,029)	754)
Add (deduct):					
AT&T pre-paid Liability Redemption			\$33,538		
Capital Expenditures- EarthLink LPVA			\$15,065	\$12,281	\$1,177
Adjusted Free Cash Flow	(\$17,239)	(\$7,886)	(\$3,582)	(\$748)	(\$577)

Notes:

Covad defines Free Cash Flow as Cash Flow from Operations less Capital Expenditures

- Q2 06 Adjusted Free Cash Flow excludes a \$33.51M payment to redeem an AT&T pre-paid liability
- Q2-Q4 06 Adjusted Free Cash Flow excludes EarthLink LPVA CapEx associated with the build-out of Covad's Next-generation network, funded from \$50M investment proceeds
- Adjusted Free Cash Flow is a non-GAAP financial measure. For a reconciliation of Adjusted Free Cash Flow and Free Cash Flow to Cash Flow from Operations, a GAAP financial measure, please see the appendix



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Voice Services

VoIP Services

Internet Services

Transport Services

Collocation

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ACT Online Toolkit

Carrier **Network** Access Pricing Tool (NAPT)

Carrier Customer Welcome Kit

Submit **your** Billing Dispute

Business Center

Carrier **Customers** Disconnect Form**Are Carrier Services for you?**

XO is committed to serving the needs of emerging and established carriers and service providers such as:

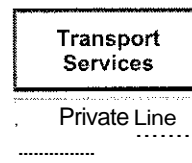
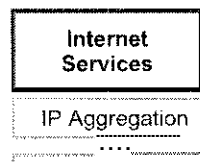
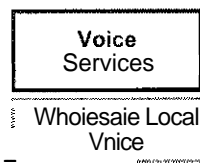
- Competitive Local Exchange Carrier (CLEC)
- Internet Service Provider (ISP)
- IntereXchange Carrier (IXC)
- Incumbent Local Exchange Carrier (ILEC)
- Non-Facility Based Reseller
- Building Local Exchange Carrier (BLEC)
- Cable TV Provider
- Wireless Service Provider
- VOIP Service Provider
- Utility Telecom Division

This commitment, combined with our financial strength and vast network, means you can rely on XO to provide the communications solutions you need to stay competitive today... and further down the road.

With assets that directly compete with those of the largest telecommunications service providers, XO serves carriers and service providers of various sizes. So no matter what your line of business, or product or service requirements, XO can handle a piece of your business... or all of it. We'll design a solution specifically for you, evaluating and delivering exactly what you need at a price you can afford. If its speed to market you need, XO can help you expand into new markets with little to no additional effort or capital expense. That way, you can remain focused on running your business and servicing your customers instead of constructing networks.

Product Portfolio

XO understands that carriers and service Providers need more than just bandwidth to satisfy their customers. So along with the generous bandwidth capabilities we offer, our products and services - coupled with dedicated customer service and technical support - make it possible for you to deliver what your customers need.



Long Distance
Termination

Dedicated
Internet Access

DS-1 Aggregation

Ethernet

Wavelength

ISP Dial

Inbound PRI

Hosting Reseller
Branded
Solutions

VoIP
Services

Collocation

VoIP Origination

VoIP Termination

Let's Talk!

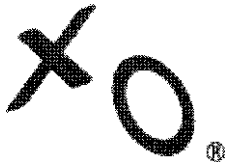
Schedule a person-to-person meeting with XO Carrier Services at an upcoming trade show.



Trade Show Meeting Scheduler

See Also

- [Fones4All Case Study \(PDF\)](#)
- [i3 Case Study \(PDF\)](#)
- [Learn More About the XO® Network](#)
- [XO Available Markets](#)



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XO Communications Signs Five Agreements for Wholesale Local Voice Solution

March 25, 2006

XO Wholesale Offers Competitive Telephony Markets

Delivers Savings and Stability for Residential and Small Business Customers



Contact XO

Corporate Headquarters

1.703.547.2000

Contact us online

SAN DIEGO, CA - Today at the CompTel Spring 2006 Convention & Expo XO Communications announced agreements valued at more than \$66 million over the next five years with five competitive local exchange carriers (CLECs) for its Wholesale Local Voice services solution. Designed as a robust, competitively-priced alternative to wholesale platforms provided by incumbent operators, XO's wholesale service will enable FONES4ALL, Habla Comunicaciones, i3 Networks, PCS1, and Telscape Communications to more cost-effectively provide local and long distance services to their residential and small business customers.

Launched in August 2005, XO's wholesale offering for CLECs serving the residential and small business markets has rapidly gained momentum as a vital alternative to the unbundled network element platforms (UNE-P) provided by incumbent carriers that were eliminated on March 11, 2006. The XO service delivers all the advantages of the UNE-P platform, and enables CLECs to avoid less economical choices such as building their own network facilities, or paying premium prices through commercial agreements or special access services from incumbent local exchange carriers.

Habla Comunicaciones, which provides local telephone service to the growing Latino market in Texas, was the first customer to deploy XO Wholesale Local Voice services and has been very successful in its implementation efforts. In just three months, Habla Comunicaciones has installed more than 17,000 end users using the XO wholesale platform and continues to install more than 500 new end users per day.

"We are helping ensure the availability of competitive service for residential and small business customers served by CLECs," said Ernie Ortega, president of carrier sales at XO Communications. "Our nationwide Wholesale Local Voice services platform allows CLECs to continue providing their customers the choices, savings, and first-rate service they deserve."

"Our residential customers count on us for high-quality, low-cost service," said FONES4ALL CEO Bettina Cardona. "Paying higher prices to lease facilities, or building our own, would dramatically impact our business model. With XO, we've been able to remain cost competitive without compromising quality, and our customers are the beneficiaries."

"Small businesses are an often overlooked segment of the market, stuck between the residential masses and larger enterprises," said Devin Semier, PCS1's CEO. "Serving businesses with five lines or less is critical to us, and XO's solution complements our requirements and enables us to deploy a full suite of local and long distance voice and data services for our customers."

"This product is a landmark opportunity that allows Telscape to blend our unique telephone network features for our target Hispanic consumers by partnering with the world class network of XO Communications," said Ruben

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Garcia, President/CEO of Telscape Communications. "This partnership with XO's network has enabled Telscape to cover more Spanish speaking Hispanic households in Southern California than any other telephone company."

The XO Wholesale Local Voice services platform provides CLECs with a pre-determined block of capacity for telephone lines, and a physical connection for transporting voice traffic from XO's 950 collocation facilities in 70 markets nationally to the CLECs' voice switches. As a result, CLECs can provision and manage these lines as part of their own networks – giving them full control over billing to maximize revenue streams, eliminating the time and expense of central office buildouts, achieving savings, and securing long-term stability for themselves and their customers.

To help CLECs and resellers understand the various UNE-P alternatives available to them: XO in December 2005 conducted a webinar in conjunction with PHONE+ and xchange magazines titled, "Life After UNE-P: Re-Engineering CLEC Businesses". To view the webinar, go to <http://www.xo.com/products/carrier/webinar/webinarpop.html>.

For an example about how customers are using XO Wholesale Local Voice services, view the i3 Networks case study at http://www.xo.com/products/carrier/i3_case_study.pdf. To contact an XO sales representative, call (888) 963-8283.

About XO Communications

XO Communications (OTCBB: XOHQ.OB) is a leading provider of national and local telecommunications services to businesses, large enterprises and telecommunications companies. XO offers a complete portfolio of services, including local and long distance voice, dedicated Internet access, private networking, data transport, and Web hosting services as well as bundled voice and Internet solutions. XO provides these services over an advanced, national facilities-based IP network and serves more than 70 metropolitan markets across the United States. For more information, visit www.xo.com.

About FONES4ALL

FONES4ALL is the leading provider of bundled packages of local, long distance and international telecommunications services to low income residents throughout the State of California. FONES4ALL, in conjunction with the California Public Utilities Commission's Universal Lifeline Telephone Service (ULTS) program, provides high quality customer-focused local service to minority families, senior citizens, students. No Pague Mas! For more information about FONES4ALL or the ULTS program call toll free 1 (877) 366-3742 or visit www.fones4all.com.

About Habla Comunicaciones

Habla Comunicaciones provides local telephone service for the burgeoning Latino communities of Texas. Founded in 2001, Habla was the first corporation in Texas dedicated to attending to the needs of the Latino community. The company has grown rapidly and built customer confidence by delivering rapid service activation, high quality service, and accurate billing, working with customers in their native language. For more information, visit www.hablacom.com.

About i3 Networks

i3 Voice & Data Inc., d/b/a/ i3 Networks, is a Houston-based wholesale voice and data telecommunications company that specializes in helping competitive local exchange carriers (CLECs) and ITSPs succeed in their chosen markets. What makes i3 unique are the UNE-3® and the patent pending Fractional Switch Ownership® programs that enable CLECs to enjoy the benefits of their own network without the upfront expense and ongoing maintenance typically associated with telecom networks. For more information, go to www.i3net.us.

About PCS1

PCS1 (www.pcs1.net) formerly Pacific Services, is a privately held, full service telecommunications provider and manager of state-of-the-art Centrex-based telecommunications services. The Company supports small and medium-sized business customers in California with significant cost savings on high-quality local and long distance services, including value-

added services such as voice messaging and ISDN/DSL Internet access.

About Telscape

Telscape Communications, Inc. is a facilities-based phone service provider that caters to the Hispanic, Spanish speaking community and maintains the nation's only fully bilingual network. Telscape currently has over 95,000 lines in service and employs over 340 people in Southern California. Telscape is a privately held company owned by a private equity firm and is headquartered in Monrovia, California. For more information, please visit www.telscape.com.

FOR MORE INFORMATION CONTACT:

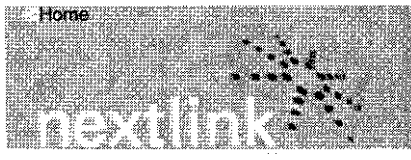
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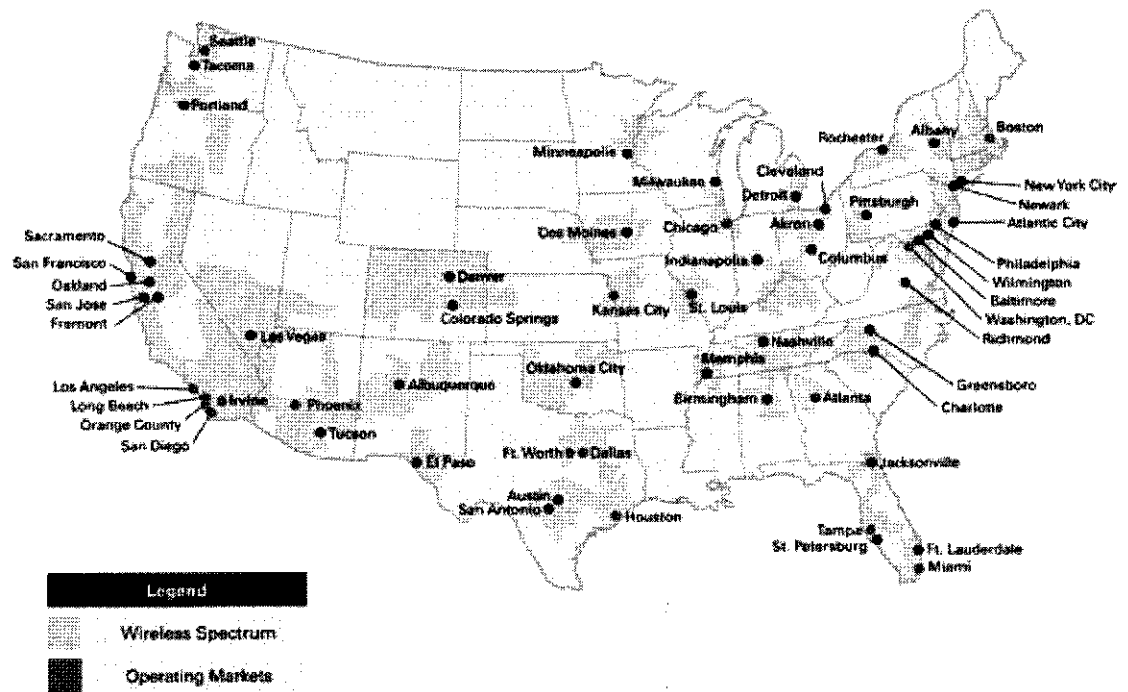
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Nextlink is the leading provider of broadband wireless services to fixed and mobile communications providers selling to business and government customers.

As one of the nation's largest holders of fixed wireless spectrum, Nextlink delivers high-quality, carrier-grade wireless alternative access solutions that scale to meet the demands of today's converged world of communications-supporting next-generation mobile and wireline voice, data and video applications.

Nextlink spectrum holdings cover 75 major markets in the United States.

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LEVEL 3 TO ACQUIRE BROADWING CORPORATION

Combination Will Further Leverage Level 3's Nationwide Network

Acquisition Expected to be Adjusted OIBDA Positive in 2007 and Cash Flow Positive in 2008

Purchase Price of Approximately \$1.4 Billion in Aggregate Cash and Stock

Acquisition Expected to Accelerate Growth of Level 3's Business Markets Group

BROOMFIELD, Colo., October 17, 2006 – Level 3 Communications, Inc. (Nasdaq: LVLT) today announced that it has signed a definitive agreement to acquire Broadwing Corporation (Nasdaq: BWNG), a publicly held provider of optical network communications services. Under the terms of the agreement, Level 3 will pay \$8.18 of cash plus 1.3411 shares of Level 3 common stock for each share of Broadwing common stock outstanding at closing. In total, Level 3 currently expects to pay approximately \$744 million of cash and issue approximately 122 million shares.

Broadwing, based in Austin, Texas, delivers data, voice and media solutions to enterprises and service providers over its 19,000 mile intercity fiber network. Approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue.

"The acquisition of Broadwing is consistent with both the Level 3 wholesale market strategy as well as our more recent entry into the enterprise market," said James Q. Crowe, chief executive officer of Level 3. "We believe the combination of Level 3 and Broadwing will create value for our investors through the elimination of duplicative network and operating costs, the addition of a solid revenue base, and a further strengthening of our financial position."

"Broadwing has made great strides with national enterprise customers as a result of their strong product portfolio and national sales teams. This creates an exciting opportunity for us to leverage both of these capabilities to accelerate the growth of Level 3's Business Markets Group."

"We are confident in our ability to successfully integrate Broadwing," said Kevin O'Hara, president and chief operating officer of Level 3. "We have completed the majority of integration efforts from our WiTel acquisition under budget and ahead of schedule. The integration activities for our more recent acquisitions are also on plan."

Brigham Teitzel Declaration Exhibit 7
"Bringing together the resources and talents of Broadwing and Level 3 is an exciting opportunity for our company, allowing us to capitalize on the strengths of both companies and on advances in technology," said Steve Courter, chief executive officer of Broadwing Corporation. "The combination of our two operations will create a powerful company in the global telecommunications industry with strong growth potential."

"During 2006, Broadwing has grown revenue and improved its margin profile," said Sunit Patel, chief financial officer of Level 3. "Broadwing has had success with expanding its enterprise customer base and service offerings as well as its transport business. We expect the combined operations to directly benefit from these efforts."

"Broadwing is expected to contribute positive Adjusted OIBDA in 2007, and even though we expect integration efforts to extend into 2008, we expect Broadwing will generate approximately \$200-\$250 million of Consolidated Adjusted OIBDA in 2008."

"Including the benefit of synergies and the cost of integration including capital expenditures, this transaction is free cash flow positive in 2008 and should contribute over \$200 million of free cash flow in 2009. Total integration costs are expected to be approximately \$110-\$130 million."

"We expect the transaction to further improve Level 3's financial position and reduce leverage given its expected positive Adjusted OIBDA contribution and Broadwing's approximately \$150 million of net cash as of June 30, 2006."

As of June 30, 2006, Level 3 had approximately 51.4 billion of cash and marketable securities on hand as adjusted for the acquisitions of TelCove and Looking Glass, the sale of Software Spectrum and the redemption of its outstanding 9.125% Senior Notes due 2008 and 10.50% Senior Discount Notes due 2008.

Closing is subject to customary conditions, including receipt of applicable state and federal regulatory approvals, and is also subject to the approval of the stockholders of Broadwing. Closing is expected to occur in the first quarter of 2007.

Level 3 will hold an investor and media conference call today to discuss the announcement at 10 a.m. EDT. To join the call, please dial (612) 332-1025. A live broadcast of the call can also be heard on Level 3's Web site at www.level3.com. An audio replay of the call will be available within 24 hours after the call through the Web site or by dialing (320) 365-3844 - Access code 845296.

Level 3 was advised on the transaction by Evercore Partners, JPMorgan and Merrill Lynch & Co. Level 3 received legal representation from Willkie Farr & Gallagher LLP.

About Level 3 Communications

Level 3 Communications, Inc. (Nasdaq: LVLT), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable



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- [Can I buy stock directly from Level 3, or do I have to use a broker?](#)
- [Does Level 3 Communications pay dividends?](#)
- [I am the holder of a Kiewit Class D Stock Certificate. Do I need to exchange this certificate into Level 3 Common Stock?](#)
- [When is the next Annual Meeting of Stockholders?](#)
- [What is Level 3 Communications stock split history?](#)

Can I buy stock directly from Level 3, or do I have to use a broker?
Level 3 Communications does not have a direct stock purchase plan. All trades must be made through a broker, Level 3 is traded on the Nasdaq under the ticker symbol LVLT.

Does Level 3 Communications pay dividends?
Level 3 does not pay dividends. The Company is in the early stages of its business plan and growing the business. At this time, we believe that our shareholders' interests are better served by investing funds in our continued growth.

I am the holder of a Kiewit Class D Stock Certificate. Do I need to exchange this certificate into Level 3 Common Stock?
No, Kiewit Class D Stock was converted one for one to Level 3 Common Stock on April 1, 1998. No action was required of the Kiewit Class D holders, and the Class D certificates are now recognized as Level 3 Common Stock.

When is the next Annual Meeting of Stockholders?
The 9th Annual Meeting of Stockholders was held on May 15, 2006, in Broomfield, CO. For more information please [click here](#). The date for the 10th Annual Meeting of Stockholders has not been determined yet.

What is Level 3 Communications stock split history?
The company has declared two separate stock splits since 1997. The first stock split was effective to Stockholders of record as of December 26, 1997. This split took place while the stock was still registered as Kiewit Diversified, Inc. Class D Stock (ticker: KIWT BE" Nasdaq OTC). Each Class D stockholder received five shares for each share held on the record date.

On July 20, 1998, the Board of Directors of Level 3 Communications declared a one-for-one stock split payable to stockholder of record as of July 30, 1998. The stock (LVLT) began trading on Nasdaq at the adjusted price for the dividend distribution on August 10, 1998.

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- [What is the scope of Level 3's Network?](#)
- [What is Level 3's corporate history?](#)
- [What is Level 3's Communications Services business?](#)
- [What is Level 3's Information Services business?](#)
- [Who are Level 3's targeted customers?](#)
- [What are Level 3's competitive advantages?](#)
- [What services does Level 3 offer?](#)



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What does "Level 3" mean?
The term "Level 3" comes from the layered set of protocols or standards that are often used in the industry to describe networks. The Company's strategy generally calls for services to be provided in the first three levels of these technical specifications.

What is the scope of Level 3's Network?

An in-depth description of the Level 3 Network can be found on our Web site here.

What is Level 3's corporate history?

Level 3 Communications, Inc. was originally founded in 1985 as Kiewit Diversified Group Inc. (KDG), a wholly-owned subsidiary of Peter Kiewit Sons' Inc. (PKS), a 114-year-old construction, mining, Information services, and communications company headquartered in Omaha, Nebraska. KDG was originally created to hold PKS' non-construction business assets.

On January 19, 1998, KDG announced it was changing its name to Level 3 Communications, Inc. Since late 1997, the company has substantially increased the emphasis it places on and the resources devoted to its communications and information services business.

On March 31, 1998, PKS announced the separation of its construction and communication/information services business, establishing Level 3 as an independent corporation. Prior to April 1, 1998, Level 3's common stock was traded on the OTC Bulletin Board under the symbol KIWT. On April 1, 1998, Level 3 Common Stock started trading on the Nasdaq National Market under the symbol LVL.

What is Level 3's Communications Services business?

Level 3 provides underlying infrastructure for many of the most respected household names in the communications and Internet industries using a multi-conduit, IP- and Ethernet-optimized global network that the company built and owns. The company operates one of the largest Internet backbones in the world and is one of the largest providers of wholesale dial-up service to ISPs in North America. Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers, through its cable and DSL customers. Level 3 offers a wide range of communications services over its 36,400-route mile broadband fiber optic network connecting 16 countries, including Internet Protocol (IP) services, broadband transport, colocation services, patented Softswitch-based managed modem, and voice services.

Communication Services had approximately 4,350 employees at the end of 2Q06.

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What is Level 3's Information Services business?

Information Services includes Level 3's Software Spectrum subsidiary.

Software Spectrum is a global business-to-business software services provider with sales locations, operations, and technical support centers throughout North America, Europe, and Asia/Pacific. The company provides enterprise software management, technical support, and customer relationship management solutions that help organizations increase business value from information technology. More information is available at www.softwarespectrum.com.

Information Services had approximately 1,300 employees at the end of 2Q06.

Who are Level 3's targeted customers?

The Level 3 Sales force targets the largest users of bandwidth, which includes RBOCs, major IXCs, major foreign PTTs, major ISPs and Portals, Media Companies, wireless companies, satellite companies, and established CLECs, system integrators, government, academia and Content Providers. These customers are typically credit-worthy with large amounts of existing demand.

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What are Level 3's competitive advantages?

Longhaul Network - Global, extensive intercity network in the U.S., and Europe with transoceanic lines in the Atlantic and Pacific.

Metro Network - Global and robust metro networks connecting over 5,300 Traffic Aggregation Points (TAPS) in 110 metro fiber markets.

Technology Path - Level 3 has built a network from scratch using internet Protocol (IP) technology. This network was built with the clear knowledge that technology is going to change rapidly. The network was designed to be easily upgraded, one that can evolve and change as the technology changes.

Financial Strength - Level 3 has funded the business plan by raising approximately \$14 billion to date and is fully funded to free cash flow breakeven. As of June 30, 2006, Level 3 had cash and marketable securities of approximately \$2.2 billion.

Pricing. Low cost pricing improving With advancement in fiber and equipment technology.

Optionality -Customers have the flexibility and choice of services to fit their needs

Experience- Level 3 has an experienced management team. most of whom have extensive backgrounds in the telicom industry.

Operational Excellence - Level 3's industry-leading service quality enables the company to successfully sell services to larger, more established companies.

What services does Level 3 offer?

Level 3 offers a wide selection of internet Protocol (IP) based services within the following segments:

Voice Services

- (3)Voice[®] Termination
- (3)VoIP EnhancedSM Local
- (3)VoIPSM Local inbound and
- (3)VoIP Toll FreeSM

Softswitch

- (3)Connect[®] Modem

Internet & Data Services

- (3)CrossRoads[®] Internet Access
- (3)Flex Ethernet
- (3)Flex Network IP VPN

Transport Services

- (3)Link[®] Metro Ethernet
- (3)HubSM Private Line
- (3)Link Intercity Private Line
- (3)Link Metro Private Line
- (3)Link Unprotected Private Line
- (3)Link intercity Wavelength
- (3)Link Metro Wavelength
- Backhaul Services
- Transoceanic Services

Infrastructure Services

- (3)Center[®] Colocation
- (3)Link Dark Fiber
- (3)TechSM Services

You can find a more detailed description of our services on our Web Site [here](#)

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Financial Questions

▶ How much capital has Level 3 raised to fund its business plan? What was the capital spending budget for full year 2005?

▶ How has the Company financed the network build?

▶ What is Level 3's acquisition strategy? Does Level 3 plan to buy other companies for their network and/or customer bases?

▶ Will Level 3 have to pay access charges?

How much capital has Level 3 raised to fund its business plan? What was the capital spending budget for full year 2005?

The company has raised approximately 514 billion in capital to fund the business plan to free cash flow positive. Capital expenditures for 2005 were \$305 million.

How has the Company financed the network build?

Level 3's funding philosophy is to use equity for the 'up-front' capital expenditures and debt for 'success-based' capital expenditures.

Up-front expenses are defined as expenditures on the components of the network that are required to be in place in order to offer services. Examples of these are the fiber, conduit, business support systems, etc. Equity is used for these expenditures because they are the riskier investments.

Success-based expenditures are for those components of the network that can wait to be purchased until customer orders are secured. Examples of success-based expenditures are electronics, modems, etc. Debt is used for these expenses because the revenue stream required to support the debt is more assured.

To date, Level 3 has balanced debt and equity issuance to fund the business plan. Listed below are the Company's fundraising activities:

1998

- \$800M initial cash contribution
- \$1.2B proceeds from the sale of CalEnergy stock
- \$28 in 9.125% Senior Notes due 2008
- \$500M in 10.5% Senior Discount Notes due 2008

1999

- \$1.68 in common equity issuance
- \$1.1258 in Senior Secured Credit Facility

Tranche A: \$250M
Tranche A: \$200M
Tranche B: \$275M
Tranche C: \$400M
Revolver \$150M

- \$823M in 6% Convertible Subordinated Notes due 2009

2000

- \$2.48 in common equity issuance
- \$863M 6% Convertible Subordinated Notes due 2010
- \$1.48 U.S. High Yield, broken down as:

\$800M in 11% Senior Notes due 2008
\$250M in 11.25% Senior Notes due 2010
\$359M in 12.875% Senior Discount Notes due 2010

- \$800M Euro High Yield, broken down as:

\$500M in 10.75% Senior Notes due 2008
\$300M in 11.25% Senior Notes due 2010

2002

- \$500M in 9% Junior Convertible Subordinated Notes due 2012

2003

- \$374M in 2.875% Convertible Senior Notes due 2010
- \$500M in 10.75% Senior Notes due 2011

2004

- \$345M in 5.25% Convertible Senior Notes due 2011
- \$730M Senior Secured Term Loan due 2011

2005

- \$880M in 10% Convertible Senior Notes due 2011

2006

- \$692M in 11.5% Senior Notes due 2010
- \$150M in Floating Rates due 2011
- \$550M in 12.25% Senior Notes Due 2013
- \$335M in 3.50% Convertible Senior Notes due 2012
- \$568.75M in Common Equity Issuance

What is Level 3's acquisition strategy? Does Level 3 plan to buy other companies for their networks and/or customer bases?

Level 3 will continue to be disciplined with respect to pricing and accessing the degree of risk associated with integrating any future acquisitions. In general, consolidation opportunities must meet certain criteria.

Will Level 3 have to pay access charges?

Access charges are the fees that long distance companies pay to originate and terminate their customers' calls on the local carrier's networks (e.g. the regional Bell companies and the competitive local exchange carriers (CLEC)). These fees are determined by the FCC and are used to support phone service in rural and under-served urban areas.

The process for determining the amount of access charges and who should pay them are currently under review by the FCC. It is expected that over time, the amount being paid to the local carrier will be reduced and ultimately spread over a larger pool of providers.

Level 3's business plan does not assume a continuation of the exemption from access charges currently afforded to ISPs.

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About Us

Our Networks

General Network Map

IP Backbone Map

Peering Gateways Map

Careers

► Our Networks

Our Management Team

Connecting Your Business to More Business begins by delivering high speed, secure, and reliable communications over our more than 24,000 miles of fiber networks, to business in 75 markets spanning 30 states and D.C. We connect to more than 7,400 buildings and pass thousands more, providing us a unique opportunity to meet the growing demand for new data services and to capture increased market share. Our optical networks are fast, powerful, flexible, secure and highly reliable to deliver a comprehensive suite of voice, data, dedicated Internet and integrated communications services to our customers.

[Click here to see our monthly network averages for our IP backbone](#)

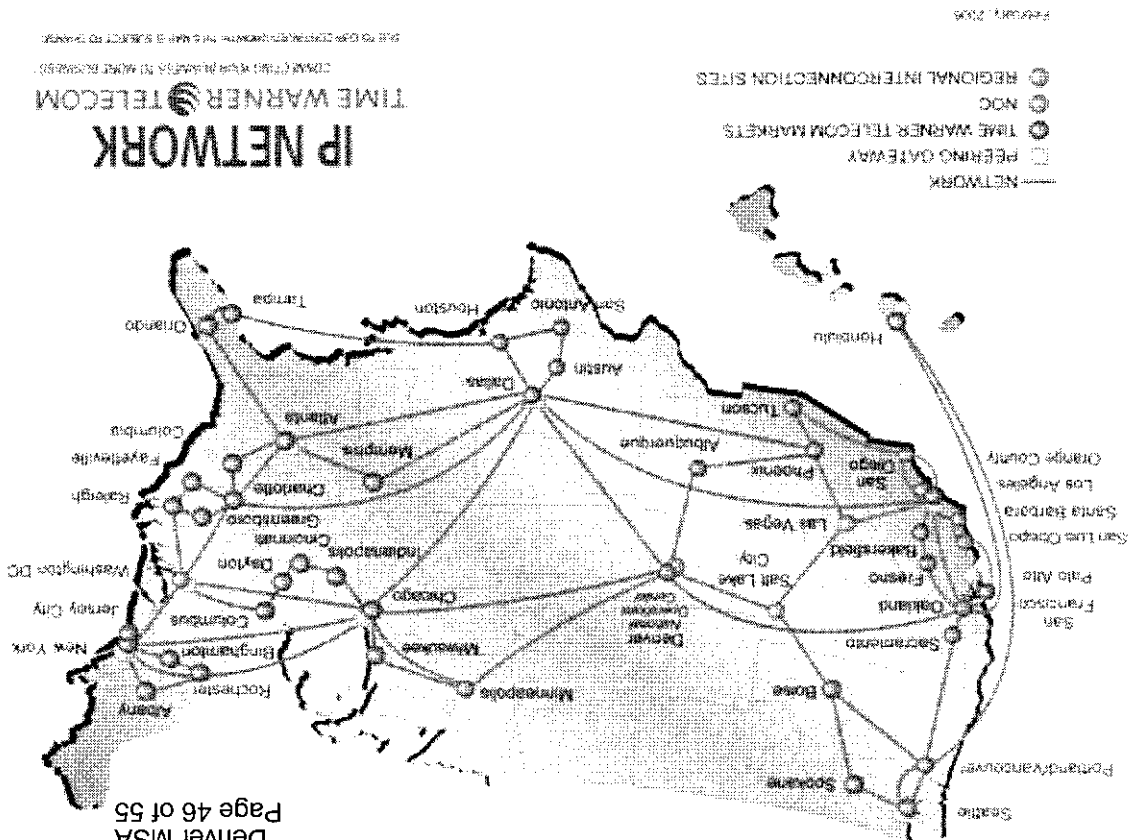
Our General Network Map



Our IP Backbone Map

About Us | Solutions | News & Information | Investors | Customer Center | Contact Us

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Customer Solutions

By Application

Internet and Data
Switched & Transport

Bundled Solutions
TW Telecom ONE
SOLUTION (VoIP)

National Operations Center
News & Views

► By Application

By Business Type

By Industry

Integrated

Our metropolitan fiber networks enable us to deploy new service platforms efficiently and cost effectively, which allows us to rapidly meet our customers' needs. Our innovative National Operations Center (NOC) monitors all our networks for reliability and performance, 24-hours-a-day, seven-days-a-week. The flexible infrastructure provided by these networks allows us to offer almost any technology, product, service, or solution to benefit our customers. Read our capabilities brochure.

Our Solutions Include:

- Internet & Data Products that allow customers to create their own internal computer networks and to access the Internet and other external networks.
- Switched & Transport Services which include local and long distance calling solutions that use a carrier class switch to connect one calling party to the other, and private line connections for broadband services at transmission speeds from 1.5 megabits to 10 gigabits per second.
- Bundled Solutions that bundle products and services to meet unique customer needs for voice, data and dedicated Internet access
- **TW Telecom ONE SOLUTION - VoIP** is a technology allowing voice telephone service to be delivered over high speed Internet connections. While VoIP provides many new ways to manage and use your voice services, the revolutionary aspect of VoIP allows both voice and Internet data to be delivered from one connection. This is called "Convergence." With fewer communications interfaces and vendors to manage, costs and time associated with maintaining core business communications are diminished.